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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 003044

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SUBJECT: LDP DIET MEMBER ISHIBA ON DPRI AND SDF DISPATCH
OVERSEAS

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Classified By: CLASSIFIED BY AMBASSADOR J. THOMAS SCHIEFFER FOR REASONS
1.4 (B) AND (D)

11. (U) Summary. The main issues facing the Japanese government on implementing DPRI are finding funding within the government's budget and gaining the understanding of the Okinawan people, LDP Lower House Diet Member Shigeru Ishiba told Principal Deputy Assistant Secretary for East Asia and Pacific Affairs Kathy Stephens during a May 31 meeting. It is undecided whether DPRI funding will come from the existing defense budget, Ishiba told us, but increasing taxes to support a higher defense budget is out of the question. Ishiba has been involved in drafting a general law permitting the dispatch of the Self-Defense Forces overseas, he informed us, and the LDP could reach internal agreement on a draft law -- which would include logistics, humanitarian activities, public security maintenance, and participation in multilateral forces even in the absence of a UN resolution -- in June 2006. End Summary.

Defense Policy Review Initiative Funding

12. (C) The Japanese government has the responsibility to implement commitments made in the October 2005 Security Consultative Committee (SCC) Report, LDP Lower House Diet Member Shigeru Ishiba told Principal Deputy Assistant Secretary for East Asia and Pacific Affairs Kathy Stephens

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during a May 31 meeting. Since the next prime minister will be chosen in September and since Okinawa will hold its gubernatorial election in November, Ishiba said the most important issues facing the Japanese government on DPRI are 1) finding the funds in the government's budget for realignment, and 2) convincing the Okinawan people to support the realignment so they do not elect a leftist governor. Although there is discussion on the ultimate monetary cost of realignment, Ishiba expressed the view that "it cannot happen that the Japanese government will not pay it."

13. (C) Stephens said considering the security requirements reflected in Japan's defense plans, she wondered how all

priorities could be achieved within the existing budget. When asked whether the realignment funding would come from the existing defense budget or a special budget, Ishiba responded that this was undecided. He added that it would be a difficult task to determine the costs of realignment each year, and in turn determine which acquisitions of frontline equipment such as fighters and escort ships should be suspended, if the funding were taken from the JDA budget. He also expressed concern that it was also difficult to determine how such cuts would affect Japan's defense posture and deterrent capability.

14. (C) The media has reported the Japanese government is considering cutting Host Nation Support to pay for realignment, Stephens pointed out. Ishiba said he knew the United States encourages its other allies to increase their Host Nation Support to Japan's levels, but that he thought Japan's Host Nation Support was high when compared to the United States' European allies. If the United States were to tell Japan that it was acceptable to reduce Host Nation Support, it would improve Japanese public perceptions. Naturally, Host Nation Support would not be reduced to cover the entire cost of realignment, he assured us, but cuts would be a token gesture.

15. (C) During the 1990 negotiations on Host Nation Support, both sides had been careful to determine not how much Japan should pay, but rather what responsibilities Japan should shoulder in terms of Host Nation Support. We had agreed Japan's appropriate contribution would be the yen-based domestic costs of the Japanese labor force and of utilities, Political-Military Director Kevin Maher reminded Ishiba. Funds provided under the Facilities Improvement Program, which is a part of Host Nation Support not covered by the Special Measures Agreement, already have been declining in recent years. The construction costs of realignment might impact the Facilities Improvement Program, but should not impact the Special Measures Agreement, Maher concluded.

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Ishiba replied that he believed it was time to return to the fundamentals to reach a new agreement on what part of host nation costs Japan should support. For example, he agreed that Japan should pay the costs of Japanese labor but was not as convinced that Japan should cover the cost of utilities.

16. (C) If realignment funding comes from the JDA budget, the Japanese Self-Defense Forces could be negatively impacted, Maher pointed out, even though in the May Realignment Roadmap both sides agreed to try to finance their realignment-associated costs consistent with their commitments in the October 2005 SCC Report to maintain deterrence and capabilities. This will be difficult to do if the JDA budget remains at current levels. Ishiba replied he had heard arguments that the United States spends approximately 3 percent of GDP on the military, while Japan spends a little under 1 percent on its defense. Those arguments fail to consider that the United States bases its military around the world to serve its own national interests, he explained, while Japan's Self-Defense Forces play a very different role. Ishiba added he recognizes, of course, that the U.S. global posture also contributes greatly to global peace and security.

17. (C) The national budget is another area where the U.S. and Japanese situations are different, Ishiba continued. He asserted that the United States, which uses the dollar as its currency, has more fiscal freedom than Japan. Japan, on the other hand, has an aging population for which the Japanese government must provide medical care and pensions. As such, an increase in the defense budget would have to come from additional taxes, and in Japan's political situation, any discussion on raising taxes would cause the LDP to lose the next election.

Dispatch of Self-Defense Forces Overseas

¶18. (C) Some in the LDP believe that there should be a general law to support the dispatch of Self-Defense Forces overseas, rather than using special laws as in the Indian Ocean and Iraq scenarios, Ishiba commented. He has been working on drafting this general law for more than a year, and he believes the LDP could reach internal agreement on the draft in June 2006. While currently the Self-Defense Forces are limited to logistics and humanitarian aid activities, some in the LDP want to add public security maintenance activities to the Self-Defense Forces responsibilities, he added. Another key point of the law would be allowing Self-Defense Forces to be dispatched in the absence of a UN resolution, as long as there was a coalition and the Self-Defense Forces received Diet approval to participate as part of the multilateral force. While Ishiba admitted that it was unlikely this LDP draft law would be adopted by the Diet immediately, he asserted the law was absolutely necessary in order for Japan to be a world player and to advance the U.S.-Japan alliance. On May 3, when presenting a speech on collective defense, he had told the audience that Japan needs to advance its global participation, he stated.

¶19. (C) Ishiba also said that in his view review of the U.S.-Japan Security Treaty also should be under discussion. Under Japan's Constitution, and because the Security Treaty is asymmetric, Japan cannot provide for the defense of the United States. Even though as the greatest military power, the United States does not need defending, he said, in his view this means Japan's Self-Defense Forces could not act to defend U.S. forces. In order to fix the asymmetry and to become more equal partners, Ishiba suggested that this should be an area of discussion between the United States and Japan.

¶10. (U) PDAS Stephens cleared this cable.
SCHIEFFER